

AMENDED IN ASSEMBLY MAY 6, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 2037

Introduced by Assembly Member Diaz

February 15, 2002

An act to amend Section 9201 of the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

AB 2037, as amended, Diaz. Public contracts: claims.

Existing law authorizes a public entity to compromise or otherwise settle any *third-party* claim relating to a contract.

This bill would impose a state-mandated local program by requiring a public entity to include provisions in the contract for timely notification of the contractor of ~~the~~ *a third party claim and for recovery of the*. *This bill would also provide that a public entity is entitled to recover* reasonable costs incurred by the public entity in providing the notice.

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state,~~

~~reimbursement for those costs shall be made pursuant to these statutory provisions.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 9201 of the Public Contract Code is
2 amended to read:

3 9201. (a) A public entity shall have full authority to
4 compromise or otherwise settle any claim relating to a contract at
5 any time.

6 (b) The public entity shall include provisions in the contract for
7 ~~timely notification of the contractor of the claim and for recovery~~
8 ~~of the reasonable costs incurred by the public entity in providing~~
9 ~~the notice.~~

10 ~~SEC. 2. Notwithstanding Section 17610 of the Government~~
11 ~~Code, if the Commission on State Mandates determines that this~~
12 ~~act contains costs mandated by the state, reimbursement to local~~
13 ~~agencies and school districts for those costs shall be made pursuant~~
14 ~~to Part 7 (commencing with Section 17500) of Division 4 of Title~~
15 ~~2 of the Government Code. If the statewide cost of the claim for~~
16 ~~reimbursement does not exceed one million dollars (\$1,000,000),~~
17 ~~reimbursement shall be made from the State Mandates Claims~~
18 ~~Fund.~~ *timely notification of the contractor of the receipt of any*
19 *third-party claim.*

20 (c) *The public entity shall be entitled to recover its reasonable*
21 *costs incurred in providing the notification required by subdivision*
22 *(b).*

23 SEC. 2. *No reimbursement is required by this act pursuant to*
24 *Section 6 of Article XIII B of the California Constitution because*
25 *a local agency or school district has the authority to levy service*
26 *charges, fees, or assessments sufficient to pay for the program or*

- 1 *level of service mandated by this act, within the meaning of Section*
- 2 *17556 of the Government Code.*

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